

DRAFT



*Virginia Aviation Board
Workshop
June 15, 2004*

MINUTES OF THE VIRGINIA AVIATION BOARD WORKSHOP MEETING – JUNE 15 2004, 3:00 P.M. AT THE IVOR-MASSEY BUILDING, RICHMOND INTERNATIONAL AIRPORT, RICHMOND, VIRGINIA 23250

MEMBERS PRESENT

Roger L. Oberndorf, Chairman
Emmitt Yeary
John G. Dankos, Jr.
Alan L. Wagner
Robert H. Neitz
Marianne M. Radcliff

OTHERS PRESENT

Director Macfarlane, DOAV Staff, Airport Managers and Sponsors, Consultants, and Engineers.

1. CALL TO ORDER

Chairman Roger Oberndorf called the meeting to order and turned the floor over to Director Macfarlane.

2. VIRGINIA AVIATION BOARD ISSUES

a. 2005-06 Budget Proposal Update

Mr. Macfarlane informed the VAB members that the new microphones were on back order but should arrive before the August meeting. Mr. Macfarlane gave a presentation on the Budget impacts from FY 2002 to present for the Department of Aviation. A copy of this presentation is attached.

b. Contract Air Traffic Control Towers in Virginia

Chairman Oberndorf introduced Mr. Bryan O. Elliott, Charlottesville-Albemarle Airport to give a presentation. Mr. Elliott thanked the Chairman, members of the Board and Mr. Macfarlane for the opportunity to brief them on the U.S. Federal Contract Tower Program. This has been a very successful 22-year public-private partnership that provides essential air traffic control services to 223 airports in 46 states. Currently 45% of all control towers in the United States are operated through the Contract Tower Program. Controllers employed in these facilities manage 25% of all tower operations in this country. The Federal Contract Tower Program was started by the FAA in 1982 following the air traffic controllers strike of that same year. The program was started to provide means to provide air traffic services at low volume VFR control towers by contracting with private sector air traffic control tower service providers. In the mid 1990's, this program was expanded significantly by the Clinton administration when expanded to include 100 low level VFR FAA towers. It was during this time that Charlottesville and Lynchburg, the two Virginia airports currently participating in the program, were converted from FAA facilities. The primary advantages of this program are enhanced safety, improved air traffic control services, and generation of significant savings to the FAA.

Ken Meade, U.S. Department of Transportation Inspector General in a report dated September 4, 2003, indicated that during FY 2002, the average cost to operate an FAA contract tower was \$365,000.00 compared to \$1,700,000.00 for comparably operated FAA facilities. While the cost savings are noteworthy, the Contract Tower Program is not operated on the cheap. The FAA ensures the operating integrity and proficiency of contract controllers by overseeing and monitoring all aspects of this program, including approving tower operating procedures, staffing, certificating controllers and conducting safety and security evaluations for each contract facility. All federal contract controllers are FAA certificated and meet the identical training and operating standards as FAA controllers. The oversight provided by the FAA yields a seamless air traffic control tower network for the benefit of all aviation users. The means for attaining these savings is partially attributable to the fact that 99% of all of the controllers working in the private sector are former FAA or military controllers.

Funding for this program is provided through the FAA reauthorization legislation and the annual Department of Transportation appropriations bill. Congressional passage of the FAA reauthorization bill in 2003 preserved the contract tower program for the next three years and validates the important safety benefits contract towers provide smaller communities. The Federal Contract Tower Program is smart business and by all measures is a huge success. Without this program, many of the 223 airports in the United States served by contract towers would be without important safety benefits the contract tower provides. While the program is successful, Mr. Elliott feels that it is important to understand some of the potential threats that exist for this program. First, the annual appropriations process and reauthorization by congress. Domestic discretionary spending in the United States will become more and more difficult in the coming years, meaning that justification for the program will need to be strengthened

and supported by a wider range of aviation users and interest. Even though the program enjoys strong support from a host of aviation trade associations representing various users, as well as congressional leaders, it is imperative that a more grassroots effort be created to obtain support and input from more users of the system. Secondly, organized labor opposition to the program. In 2003, we witnessed the national air traffic controllers association, the collective bargaining unit for the FAA controllers, launch a \$7,000,000.00 campaign to discredit and threaten the future of this program by trying to obtain congressional support to block the FAA reauthorization bill if language pertaining to the future expansion of the program to higher level activity control towers was included in the bill. The third threat to the program is the pending retirement of FAA controller workforce. Within the next 3-5 years, you will witness through the FAA, a massive retirement from the FAA controller workforce. It is too early to determine whether or not this means that many contract controllers will move to higher paying jobs if they are not already retired in the FAA or if it will prove to be a ready made pool for future contract controllers. Mr. Elliott provided the Board with publications from the U.S. Contract Tower Association, an affiliated organization of the American Association of Airport Executives. The U.S. Contract Tower Association is an industry group comprised of airport operators and contractors aimed at ensuring the integrity of this program and its continued funding. The publications include the latest bi-monthly newsletter and a copy of the Association's 2003 Annual Report. Also included for the Board to consider is a draft resolution of support for review. Mr. Elliott is not asking the Board to take action at this time, however, he is respectfully requesting the Board to consider adopting the resolution as a sign of the Board's support for the Program and submit to Secretary Norman Minetta of the U.S. Department of Transportation as well as the Virginia Congressional delegation. Mr. Elliott stated that on the part of Charlottesville, both Congressman Goode and Senator Warner and Senator Allen are both supportive of the program and have historically been very helpful in assisting us in making a cause known for the congressional leaders.

Chairman Oberndorf asked Mr. Elliott how many contract towers we have in Virginia and the answer is two, Charlottesville and Lynchburg. Mr. Elliott explained that if the program is expanded that other likely candidates for the program could possibly be Manassas or Newport News. Shenandoah Valley is studying the feasibility of participating in the program. There is an element of the program called the cost share program. There is a threshold where the cost and benefits of a control tower at an airport must be met in order to be fully funded. If an airport falls below the threshold, there is a program that would allow partial federal funding provided it is made up from the local share.

Mr. Oberndorf asked if the contract controllers have the same authority that an FAA controller has as far as violating pilots are concerned. Mr. Elliott replied that in terms of operational discrepancies, yes, they fall under the same guidelines and terms of having to report deviations. They are held to the same exact standards as FAA controllers.

Mr. Emmitt Yeary wanted to know where the contract controllers receive their training. Mr. Elliott explained that many of the contract controllers are former FAA or military controllers and that just a few controllers may come from a training program into the contract tower program.

Mr. Bob Neitz wanted to know where someone would go to find out about the safety aspects, the continuous operability, and the potential problems that may have been had and how it can be compared with the FAA standards. Mr. Elliott replied that the Department of Transportation Inspector General, Ken Meade, issued a report on September 4, 2003 containing this information and Mr. Elliott will try to get a copy for the VAB members.

Director Macfarlane wanted to let the Board know that Mr. Elliott was recently elected as the President or Chairman of the Southeast Chapter of the AAEE.

Chairman Oberndorf announced to the Board that someone would need to make a motion at the VAB meeting on June 16 to add this item to the agenda.

c. Virginia Resource Authority Report

Chairman Oberndorf introduced Mr. Howard Estes to give the Virginia Resource Authority Report. Mr. Estes announced to the Board that the program is now four years old and has been very successful in creating a new financing vehicle and a new relationship between the VRA and DOAV. VRA has two ways of financing airport projects. One is through its bond capacity with the moral obligation of the Commonwealth where we have created a new structure that allows us to finance projects at a blend of Triple A and Double A rates. The rates are currently 4.5% for 20 year financing. It is a very cost effective way of financing airport projects. We also have the airport revolving fund. Through its creation, we have made available financing at 50 basis points below market at little or no cost to Virginia's airports. We will be resetting interest rates at the end of the month as we historically do and keep our fingers crossed that rates will continue downward through the end of June.

d. Aircraft License Cost Analysis

The Chairman called on Mr. John Settle to present the Aircraft License Cost Analysis. Mr. Settle stated that what he did was a cost analysis for each license issued at the department with the understanding that the existing fee for a license is \$5.00 for a private aircraft owner and has been set for some time. What the department wanted to do is figure the cost for actually issuing the license. We determined that for each private aircraft license issued the actual cost to the department is \$11.29 and we charge \$5.00, which put us in the red by (\$6.29). The cost for a commercial private aircraft license is \$10.00 and it costs the department \$11.29 which put us in the red by (\$1.29). These two types of licenses make up 99% of all licensing activities for the department. Mr. Settle has drafted a wording change and has asked Mr. John Beall to review. What is being proposed is for the Private fee to go from \$5.00 to \$15.00 and the

Commercial Private fee to go from \$10.00 to \$25.00. Mr. Jackie Dankos asked for the total received from licensing each year and Mr. Roger Bowling said from \$10,000.00 to \$12,000.00. Mr. Macfarlane stated that this is just a proposal being presented to the Board to see if they would like to take action to increase the licensing fee at this time.

e. Aircraft Licensing/Tax Collection

Mr. Settle moved on to the Aircraft Licensing/Tax Collection Update. For the month of June, we have deposited \$798,000.00 in revenues and are at 90% collection rate. Year to date we are sitting at \$5,100,000.00 going into Special Fund from sales and use tax.

Mr. Settle commented on A & G Coal aircraft at Lonesome Pine Airport and the Wharton's and stated that all the aircraft except for the Bell Helicopter have now paid the penalties and taxes on the aircraft. We are waiting for the logbooks to see if the Bell Helicopter meets the 60-day rule and will address the issue when all information becomes available.

Chairman Oberndorf asked Mr. Macfarlane to give his presentation on Curb Appeal due to time constraints for tomorrow's meeting. During the presentation, Mr. Macfarlane wanted the Board to understand the idea behind curb appeal, which is; the first thing upon arrival and the last thing upon departure you see when arriving at airports is the curb appeal. Curb appeal makes a tremendous impact on passengers when using airports. Mr. Macfarlane would like the Board to consider future funding for curb appeal at airports in Virginia.

Mr. Yeary thanked Mr. Macfarlane for his presentation on Curb Appeal and agreed that encouragement needs to be given to Virginia's airports to address Curb Appeal.

With no further business, Chairman Oberndorf adjourned the workshop.

Attachment